UNITED NATIONS

General Assembly

FIFTIETH SESSION

Official Records

FIFTH COMMITTEE
31st meeting
held on
Monday, 27 November 1995
at 3 p.m.
New York

SUMMARY RECORD OF THE 31st MEETING

Chairman: Mr. VILCHEZ ASHER (Nicaragua)

later: Mr. AMARI (Tunisia)
(Vice-Chairman)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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Distr. GENERAL
A/C.5/50/SR.31
27 December 1995

ORIGINAL: ENGLISH

95-82485 (E)

The meeting was called to order at 3.10 p.m.

AGENDA ITEM 121: UNITED NATIONS COMMON SYSTEM (continued) (A/50/30 and Corr.1; A/C.5/50/5, A/C.5/50/11, A/C.5/50/23, A/C.5/50/24 and Corr.1 and A/C.5/50/29)

1. Mr. MOKGATLE (Botswana) said that his delegation was encouraged by the reference in the report of the International Civil Service Commission (ICSC) (A/50/30) to the importance of upholding the common system. It noted with regret the constant criticism of the common system staff. It supported the Noblemaire principle and, since there appeared to be no difficulty with the basic tenets of that principle, believed that the revision of margins and grade equivalency measurements between the United States and the United Nations offered a potential solution to the difficulties relating to the United Nations salary system.

2. His delegation fully supported the proposal for an adjustment of approximately 3.22 per cent in the base/floor salary to reflect the increases in United States salary levels which had been granted in January 1995. It also supported the use of the base/floor system as the reference point for calculating separation payments, mobility and hardship allowances and hazard pay.

3. It was unfortunate that the decision to bring the level of the margin to the desirable mid-point of the range had been based on a desire to close the gap between United Nations/United States remuneration levels and those of the World Bank and the Organisation for Economic Cooperation and Development (OECD). Moreover, his delegation did not support the linking of overall United Nations remuneration levels to those of selective subsectors of the United States federal civil service. It was not necessarily factually correct to state that the remuneration level of the common system was not competitive, since there was a body of evidence to show that there were no widespread or acute recruitment and retention problems in the common system; indeed, the Secretariat received numerous applications for jobs.

4. His delegation did not favour changing the current structure of ICSC and was not convinced that the proposed tripartite structure would meet the stated objective of enhancing the consultative machinery. All parties should restore the dialogue; in that connection, his delegation was encouraged by the Commission's determination to involve the Federation of International Civil Servants' Associations (FICSA) in the discussion of ways to further the consultation process.

5. Mr. GODA (Japan) said that the recruitment and retention of highly competent Secretariat personnel was essential for the efficient and effective operation of the United Nations; that required the maintenance of appropriate working conditions. His delegation in principle supported the efforts to restore the competitiveness of the common system, and believed that ICSC must constantly consider whether the Noblemaire principle was in fact the most appropriate method to ensure the recruitment and retention of competent personnel and must review other issues related to its application.

6. His delegation endorsed the conclusions of ICSC contained in paragraph 89 (b) of its report. At the same time, however, the Secretariat must secure the highest standards of efficiency, competence and integrity of the staff in accordance with Article 101, paragraph 3, of the Charter, which was the basis for the Noblemaire principle. It was clear that any change of comparator needed to be studied carefully because it would affect the entire structure of the common system, not only the level of remuneration. In considering the comparison of remuneration at OECD and the World Bank with that of the common system, all factors, including the mandate and structure of each organization, should be considered.

7. His delegation favoured an increase in the remuneration of the Professional and higher categories, taking into account the recommendation of ICSC. As for the distribution among grades, it favoured a larger increase at the D-1/D-2 level, as recommended by ICSC, because that was where the failure to be competitive had caused the most serious problems. His delegation had reservations, however, concerning the conclusions of the Commission on grade equivalencies and the elimination of dominance in the comparison with the United States federal civil service. It therefore supported an increase in the base/floor salary by the margin calculated using the current formula for comparison with the remuneration of the United States federal civil service, with a somewhat greater increase for the higher grades and a smaller one for the lower grades.

8. In the light of the upcoming review of the question of the scaling forward of post adjustment indices, his delegation believed that a final decision on the issue should be deferred until 1996. The financial implications of any increase in remuneration should be absorbed to the maximum extent possible through a review of programmes and the further rationalization of work.

9. With regard to post adjustment matters, his delegation urged the Commission and the Working Group referred to in paragraph 294 of the ICSC report to review without delay the problems experienced with regard to the current post adjustment system and to submit recommendations to the General Assembly at its fifty-first session.

10. With regard to the conditions of service in the General Service category, his delegation urged the Commission to complete the current survey of best prevailing conditions of employment at all headquarters locations as soon as possible and to report its findings to the General Assembly.

11. His delegation appreciated the efforts of ICSC to review the consultative process. It regretted that the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA) had followed FICSA in withdrawing from participation in the work of the Commission and it urged both organizations to return. However, neither the structure of the Commission nor the process by which its members were selected should be changed, as that would only diminish its independence and impartiality. On the other hand, the Commission should make every effort to pursue its mandates in the most efficient and effective manner.

12. His Government regretted that the decision to suspend the granting of permanent and probationary appointments had been made without any prior consultation with Member States. It did not believe that it would help to remedy the serious financial situation of the Organization. The decision retroactively cancelled the entitlements of current personnel and of those who had been successful in national competitive examinations and it was therefore not acceptable to his Government. No change should be made in the fundamental personnel policy of the Organization unless it was preceded by consultations with Member States.

13. Mr. WANG Xiaochu (China) said that, although his delegation could not fully support all the recommendations contained in the report of ICSC, it appreciated the Commission's efforts to find solutions to important problems affecting the common system. During the past decades, experience had demonstrated the importance of the common system. It was regrettable that the problems relating to the consultative process involving ICSC and its interlocutors had not yet been resolved. His delegation again called on the parties concerned to resume active consultations as soon as possible in a spirit of positive cooperation and greater flexibility. As for the General Assembly's request in resolution 49/223, for a review of the consultative process, his delegation believed that the independent and expert nature of ICSC was an important condition for a fair, coordinated and effective common system and that any attempt to alter its nature would undermine that condition and run counter to the purpose for which the Commission had been established.

14. His delegation had taken note of the recommendations of ICSC on the application of the Noblemaire principle and other related studies contained in paragraphs 89 (b) and 172 (b) of its report. The Noblemaire principle was intended to establish competitive conditions of service in order to attract talent from all over the world; the intention had not been to pursue the highest salary standard in the world. In applying the Noblemaire principle, it was necessary to be pragmatic and to proceed in conformity with the reality of the common system. The World Bank and OECD were very different from member organizations of the common system in terms of their nature and their financial mechanisms, and he believed that the common system should continue its practice of using a national civil service as its comparator.

15. The conditions of service of the common system should improve steadily with the economic development of Member States. His delegation was not convinced, however, that the current conditions as a whole had become less competitive. To facilitate the Committee's deliberations, the Secretariat should provide more specific information, such as the number of applicants for vacant posts and the number of staff who had resigned in recent years to accept better paying jobs elsewhere. The impact which a drastic salary increase could have on the dire financial situation of the United Nations should first be studied by the Advisory Committee on Administrative and Budgetary Questions (ACABQ).

16. Mr. Amari (Tunisia), Vice-Chairman, took the Chair.

AGENDA ITEM 149: REPORT OF THE SECRETARY-GENERAL ON THE ACTIVITIES OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES (continued) (A/50/459 and Add.1; A/49/449, A/49/891, A/49/892 and A/49/959)

17. Mr. RAMOS (Spain), speaking on behalf of the European Union, said that Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia aligned themselves with his statement. The European Union shared the concern of OIOS over the low rate of implementation by managers of the recommendations of the United Nations auditors. It was encouraged by the fact that, despite the short time OIOS had been in existence, its work had resulted in considerable savings, although it realized that the recoverable costs identified did not necessarily represent the total amount of waste which existed in the Organization. Referring to the comment of the Under-Secretary-General for Internal Oversight Services that the level of mismanagement and waste which OIOS had revealed thus far was no worse than that found in many comparable public administrations, he said that no amount of mismanagement or fraudulent activity could ever be justified or tolerated.

18. The Office had been correct to focus on peace-keeping operations, humanitarian and related activities and procurement, considering their importance and high cost. The European Union supported the Office's plans for its continuing activities, as outlined in the report. It agreed with the recommendations relating to the in-depth evaluation of the start-up phase of peace-keeping operations and trusted that the establishment of the Lessons Learned Unit within the Department of Peace-keeping Operations would contribute to the maintenance of an institutional memory so that the Organization could profit from experience gained in peace-keeping.

19. The European Union was concerned about the significant problems identified in the inspection review of the Field Administration and Logistics Division. The shortcomings should be rectified in order to ensure adequate support for peace-keeping operations at all times. Owing to the increase in such operations and related activities, the United Nations should have adapted the structure of the departments concerned; the structure of the Department of Peace-keeping Operations should be adequately funded in the regular budget to permit support of a minimum number of peace-keeping operations. Although some of the problems affecting the Field Administration and Logistics Division could be attributed to external factors, the European Union was concerned that the personnel and financing problems would lead to the inefficient management of the Division and to the loss of funds in the absence of adequate financial controls. The European Union would like to know the status of the prototype of budgeting for peace-keeping operations, given its value not only in allowing rapid budgeting to meet new operational requirements, but also in ensuring that the budget presented to Member States contained homogeneous and updated figures for budgeted items.

20. With regard to the investigation by OIOS of the theft of $3.9 million from the United Nations Operation in Somalia (UNOSOM II), it was surprising that nearly four months after an internal audit had revealed a lack of security in the office where the theft had occurred, not one of the security measures recommended had been carried out. The European Union was also surprised at the delays in the updating of the accounts of that mission. The recommendations of

the investigating team in Somalia were sound and it was gratifying that most of them had been implemented, in particular the recommendation calling for the urgent updating of financial reports and accounts.

21. Notwithstanding the deficiencies detected in the audit of the United Nations Mission for the Referendum in Western Sahara (MINURSO), the European Union was pleased to note that in most cases the necessary steps had been taken to implement the recommendations of OIOS.

22. The European Union agreed that contractual personnel should be considered for peace-keeping missions only in situations where the mission's civilian staff and systems essential for the management of such personnel were in place. However, that did not appear to have been the case in the pilot project intended for the United Nations Protection Force (UNPROFOR). Although he was aware of the difficulties involved in establishing such a pilot project, he regretted the lack of orientation, supervision and participation on the part of the Field Administration and Logistics Division, the Office of Human Resources Management and the Office of Legal Affairs. In the light of the experience gained in the pilot project and of the problems that had been identified, it was important to ensure that similar projects for other peace-keeping operations were developed cautiously and that adequate coordination was guaranteed between the various United Nations units involved.

23. The European Union endorsed the recommendations of OIOS regarding the need for the reappraisal and restructuring of the programme of work of the Centre for Human Rights in order to enable it to operate more effectively. It therefore welcomed the measures which had already been taken to that end. It urged greater caution with regard to the use of external consultants and believed that it was important to rely more on the knowledge and experience available from existing internal mechanisms.

24. The European Union agreed that the shortcomings revealed in internal control and oversight at all levels of the procurement process were very alarming; the findings of OIOS corroborated the concern which Member States had been expressing on the matter for a number of years. He requested information on the current status of manuals on operating procedures for logistics and procurement and hoped that they would be published by the end of 1995. The slow pace at which the recommendations of the High-level Expert Procurement Group and the external auditors on procurement matters were being implemented was a matter for concern, and he requested an update on the subject. In conclusion, the European Union wished to highlight the proactive and supportive role of OIOS as an agent for positive change.

25. Mr. DECOTIIS (United States of America) said that the report of the Office of Internal Oversight Services (A/50/459) was fully responsive to General Assembly resolution 48/218 B. The frank discussion of major management issues, particularly in the key areas of peace-keeping, humanitarian and related operations and procurement, validated the conviction of those who had drafted the resolution that an independent report by OIOS to the General Assembly would make an invaluable contribution to the improved oversight of the United Nations.

26. Referring to the issues which the Under-Secretary-General for Internal Oversight Services had identified in his preface as requiring the prompt attention of management, he said that, to their credit, senior managers had prescribed a comprehensive overhaul of the culture of the Organization based on responsibility and accountability. As OIOS had recommended, however, an effective internal control system was also needed. His delegation endorsed the recommendation calling for the adoption of a set of internal control standards and hoped that it would be implemented promptly. The Under-Secretary-General had rightly noted that the recommendations of OIOS were vehicles for promoting change and needed the support of senior management to ensure compliance, and he had established a mechanism for tracking compliance, including the disclosure in the annual report of instances of non-compliance. His delegation hoped that that would prove to be a sufficient deterrent and that a similar system would be established for the recommendations of the external auditors.

27. The report of OIOS had highlighted a wide range of weaknesses in United Nations operations, such as ineffective controls in peace-keeping operations, a top-heavy structure at the United Nations Conference on Trade and Development (UNCTAD), ineptitude at the Centre for Human Rights and major deficiencies in procurement activities. His delegation was pleased that, as a result of one complaint, the Office of Human Resources Management had been asked to review regulations with a view to eliminating nepotism.

28. His delegation noted with satisfaction that the report of OIOS had addressed concerns over operational independence, whistle-blower protection, adequacy of resources and access to and authority over other funds and programmes. In that context, it noted that OIOS had hired its own staff and was working out arrangements to ensure that adequate internal oversight existed among funds and programmes such as the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA). Although the resources allocated to OIOS had been adequate to address current needs, his delegation agreed that increased resources should be allocated to it to ensure its future effectiveness.

29. His delegation expected the positive trend in cost recoveries to continue and believed that, over time, OIOS would eventually pay for itself. In that regard, his delegation would welcome further details about what measures had been instituted to preclude a recurrence of losses and what actions had been taken to hold accountable those individuals who were responsible for such losses.

30. His delegation was encouraged that OIOS had made no attempt to whitewash the problems of the United Nations, but rather had brought them out into the open where they could be addressed. Disclosure was an indispensable prerequisite to corrective action and an inducement to prevention.

31. He urged programme managers to give their full attention to the recommendations of OIOS. Similarly, Member States should provide positive reinforcement for OIOS by signalling to the Secretariat the importance of internal oversight. The Organization's reputation hinged on its ability to convince the public that resources had not been squandered, that staff and officials alike respected and abided by the rules and regulations, that nobody

was immune from censure where wrongdoing was detected, and that a new culture of accountability and responsibility had been established.

32. Mr. TOYA (Japan) said that Japan, as the second largest financial contributor to the United Nations, was interested in knowing whether the Organization's resources were being used in the most effective and appropriate manner. While audits and investigative activities were most likely to attract public attention, in the long run it was the improvement of the overall management of the Organization that would be most important in bringing about fundamental solutions to its problems.

33. As correctly noted in the report of the Office of Internal Oversight Services, an effective system of internal oversight control could not be brought into existence by OIOS alone. Such controls needed to be established and maintained in every department and agency throughout the United Nations. It was vital, however, that OIOS should enjoy the full cooperation of programme managers, including free access to information and documents, and that it should have an adequate mechanism for monitoring the implementation of its recommendations. It should be encouraged to make its reports public whenever possible so that Member States could better understand the work it was doing and support its recommendations.

34. His delegation would be grateful for additional information on the measures taken by the Office of Internal Oversight Services to improve the management culture within the Organization, and what specific results it had achieved to date. The Office should also clarify the idea of formulating a set of internal control standards as a means of raising managerial support for system-wide controls and providing a benchmark for assessing those already in place. His delegation also believed that there was a need to establish an evaluation method and promote coordination between the Evaluation Unit and other OIOS bodies such as the Inspection Unit.

35. With regard to peace-keeping operations, his delegation noted with serious concern the number of cases where internal controls had obviously broken down. The current system had not been effective in ensuring compliance with rules and regulations, safeguarding resources and property, and maintaining the reliability of financial reporting. Serious problems had also been identified in procurement policy and asset and inventory control. The Organization seemed unable to profit from its mistakes. He trusted that the Field Administration and Logistics Division would immediately address the managerial deficiencies identified by OIOS in the sphere of peace-keeping operations.

36. With reference to regular budget activities, he noted that the United Nations Access Control System project had been abruptly abandoned at a cost of more that $1 million, and that no persuasive explanation had been advanced; his delegation was not convinced that the reason had simply been mismanagement. He therefore looked forward to the report and analysis of the Office of Internal Oversight Services.

37. The Office was having a beneficial impact on the Organization; his delegation therefore supported the expansion of its activities and was prepared to endorse the budget that had been proposed for the following biennium. At the

same time, however, OIOS needed to improve the quality of its work. New posts should be filled with capable personnel and modern technology should be used to improve efficiency, thus allowing increased resources to be allocated to qualitative analysis as part of the monitoring process.

38. Mr. DESAI (India) said that recent reports by oversight bodies had revealed the need for financial and administrative reforms in the United Nations system which would guarantee better utilization of financial and manpower resources and reduce waste. A serious effort had been made to pull together the various branches involved in oversight functions into one coherent department. Major efforts had also been made to recruit qualified personnel. He hoped, however, that recruitment and promotion within OIOS would be done with due regard for the principle of equitable geographical representation.

39. His delegation supported the efforts of OIOS to focus on likely high-risk areas where the potential savings to the Organization were greatest, namely peace-keeping, procurement and electronic data processing.

40. The reports submitted by OIOS since its inception had revealed the extent of the problems that needed to be addressed immediately. He was deeply concerned at the problems faced by the Field Administration and Logistics Division, the Secretariat's main support division for peace-keeping missions. As one of the largest troop contributors to United Nations peace-keeping efforts, India found it difficult to understand why such problems had been allowed to persist for so long. His delegation hoped that publication of the OIOS report would be the first step in taking corrective action. Effective follow-up and compliance with its recommendations should follow.

41. The investigation into international contractual personnel had revealed the serious lack of management controls prevailing in many areas of the United Nations system, and the report on procurement had illustrated the waste and mismanagement encountered in that area of the Organization s operations. While some latitude was always understandable when any organization was required to react to emergencies or urgent situations, in the peace-keeping missions investigated by OIOS procurement had simply become an excuse to circumvent established rules and procedures.

42. Ms. RØDSMOEN (Norway) said that her delegation had been surprised that the Secretary-General had not chosen to comment on the very rich substance of the first annual report by the Office of Internal Oversight Services. She was particularly disturbed by the lack of information on how the Secretariat intended to follow up the many findings and recommendations contained in the report. Her delegation had understood that the report of OIOS and the response of the Secretary-General were to be two parts of a package. Obviously, the OIOS report would have had greater impact if it had been accompanied by information on what was being done by the Secretary-General about oversight findings and recommendations.

43. Her delegation endorsed the choice of priority areas for OIOS oversight, and agreed that, owing to the high level of expenditure involved and the visibility of the priority activities, uneconomical use of funds, careless management and abuse could have very serious consequences. A more intensive

audit coverage was required in such areas, and management audit and consultancy should also be augmented.

44. One less prominent area of the report was evaluation. In Norway, the evaluation of projects and programmes was used systematically as a tool to judge the value and impact of new activities in reaching stated objectives. Such evaluation was usually undertaken by outside consultants to ensure objectivity, and funds were set aside for that purpose in programme budgets. The Evaluation Unit in OIOS was modestly staffed and did not have the funds to engage outside consultants. The provision for self-evaluation of all United Nations programmes over the course of the medium-term plan period had not been followed systematically. Her delegation believed that a provision for enhanced outside evaluation would provide a better basis for judging how valuable various United Nations programmes were.

45. It had been gratifying to learn that the investigations conducted by OIOS had not shown the United Nations to be a more corrupt organization or one which experienced more fraud than any comparable public administration. Her delegation had been less pleased to learn that a much needed programme of management training in the Secretariat had been started up but had had to be stopped or deferred to the following year because of the current cash-flow crisis. That was a regrettable illustration of the consequences of the failure of Member States to pay their assessed contributions in full and on time.

46. Her delegation had been concerned to learn of the many significant problems that had been identified in the field of peace-keeping. The OIOS inspection had concluded that the Field Administration and Logistics Division in the Department of Peace-keeping Operations had not been fulfilling its mandate. Although the Department had been responsive to the findings and recommendations of OIOS, it had cited its difficult personnel situation as the major obstacle to compliance. Almost one third of its staff were on contracts of less than 11 months' duration. Current recruitment practices and funding limits had not been conducive to attracting qualified individuals. It was her delegation's understanding that improvements in the structure, core staffing and functioning of the Department were being actively pursued in order to meet peace-keeping responsibilities more effectively.

47. The Office of Internal Oversight Services had also reported that implementing agencies working in conjunction with the United Nations High Commissioner for Refugees (UNHCR) did not have adequate staffing or infrastructures to meet the financial or operational requirements of UNHCR. Her delegation fully supported the OIOS recommendation that UNHCR should enhance its capacity for financial monitoring and control over its implementing partners.

48. With regard to the widespread problems identified in the area of procurement, her delegation appreciated the efforts being made by the Secretary-General to improve the procurement function and expected OIOS to give priority to that area, as well as to peace-keeping and humanitarian operations.

49. More than 50 per cent of all audit findings reflected weaknesses in the internal system of control. The stated intention of OIOS to establish control goals for different types of United Nations activities was therefore welcome.

Her delegation endorsed the recommendation of OIOS that a set of internal control standards should be formally adopted as the first step towards an adequate internal control system; such benchmarks would also allow for the measurement of success or progress in improving the efficiency of management.

50. Finally, her delegation looked forward to learning more about follow-up to the recommendations contained in the report of OIOS, and about the Office's progress in developing a relationship with United Nations operational funds and programmes.

51. Mr. O'HARA (Malaysia) said that his delegation attached great importance to the work of OIOS since it was an essential mechanism for addressing waste, fraud, abuse and mismanagement in the Organization. In the current financial situation, it was equally important that the United Nations should be able to answer to its increasingly critical Member States.

52. While his delegation agreed that it had been appropriate for OIOS to concentrate its oversight effort on peace-keeping operations, humanitarian and related activities, and the general problem of procurement during the period under review, it hoped that the next report would be more comprehensive and cover other activities of the United Nations, including the Secretariat.

53. He was particularly disturbed about the delays by programme managers in responding to queries put by OIOS. While he understood that programme managers needed to execute activities as mandated by the General Assembly, responses to queries from OIOS should not be seen as a burden.

54. His delegation agreed that the establishment and maintenance of an effective internal control system was a managerial responsibility that could not be left to OIOS alone. Programme managers should be able to accept criticisms and be ready to apply accountability criteria when addressing certain problems. Repeated promises that certain specific problems would not recur were unacceptable. In that regard, his delegation praised the OIOS initiative that programme managers should be required to report to OIOS on a quarterly basis on the status of implementation until a recommendation by OIOS had been reported to have been fully implemented.

55. It was regrettable that established procurement procedures had not been followed in the tendering exercise for the pilot project on international contractual personnel in the United Nations Protection Force (UNPROFOR). Overpayment for insurance and payment for services not rendered had also been detected. Those responsible should be held accountable. In addition, the lack of proper inventory and the grave deficiencies in procurement procedures were particularly disturbing and should be addressed as a matter of priority.

56. Instead of being seen as an archaic organization with lax financial rules and regulations, the United Nations should, with the help of OIOS, serve as a model to other intergovernmental bodies in the effective management of financial reserves. At the same time, however, his delegation wished to point out that prudent financial management should not be confused with the responsibility of Member States to pay their assessments in full and on time.

The meeting rose at 4.40 p.m.